

**OFFICE OF AUDITS**  
**MEMORANDUM REPORT 98-FM-018**  
**EXPENDITURE OF MACHINE READABLE VISA FEES**  
**JULY 1998**

The Office of Inspector General (OIG), Office of Audits, has reviewed the Department's expenditure of machine readable non-immigrant visa (MRV) fees charged foreigners to enter the United States and used for consular activities and border security. Our objectives were to determine:

- whether expenditures complied with existing authorizing legislation,
- whether the legislation should be amended to permit MRV fee expenditures for other purposes or to restrict its uses, and
- how the Department determines the allocation of MRV fees to bureaus and offices.

Overall, we found a well coordinated MRV expenditure program managed by the Bureau of Consular Affairs (CA) and the Bureau of Finance and Management Policy (FMP). The recipients of MRV fees were spending the funds on consular and border security activities as authorized by existing law and Department goals. In addition, we found that the current authorizing legislation is sufficiently flexible to meet the Department's foreseeable needs. However, we found that the Department is becoming increasingly reliant on MRV collections, which are not permanently authorized for Department retention to pay for recurrent expenditures. For example, the Department is using MRV fees to pay the salaries and benefits of many existing employees who work in consular and border security related activities. The Department could face severe financial hardship if the authority to use MRV collections was withdrawn. Therefore, we are recommending that CA seek permanent Congressional authority to retain MRV fees. If retention authority is not obtained, we then recommend that the Department re-establish a permanent funding base to pay the salaries of all personnel currently paid through the MRV fee program.

We also found that while the Department has an appropriate process for allocating MRV funds, several improvements could be made to that process. For example, we recommend that the MRV coordinator position in CA be formally institutionalized to ensure continuity and high visibility in the Department. We also recommend that CA develop and disseminate written guidance to bureaus and offices indicating how to apply for MRV fees and the Department's priorities for funding its goals. Similarly, we suggest that CA develop written operating procedures for the MRV program to include documentation of the basis for allocating MRV fees.

We received formal written comments to a draft version of this report from CA, FMP, Information Resource Management (IRM), and the Bureau of Diplomatic Security (DS). Their comments have been incorporated into the report where appropriate and appear in their entirety as appendices C, D, E, and F, respectively. Since our recommendations were addressed to CA, only CA commented on the recommendations. CA agreed with our recommendations and has taken

action to implement them. As a result, we have closed one recommendation and resolved the remaining three recommendations. Although we invited all other interested bureaus and offices to comment on the draft report, they elected not to comment.

## **PURPOSE AND SCOPE**

During this review, we examined the legislative history of Public Law 103-236 and later authorization and appropriation bills not enacted into law, activities funded by MRV fees, and the need, if any, for legislative changes. In conjunction with the above, we reviewed CA's coordination and negotiation process with the other bureaus and offices that receive MRV fees and FMP's approval and funding allocation process. We interviewed officials and obtained documentation from CA and FMP. We reviewed testimony presented by the Assistant Secretary for Consular Affairs on CA's budget requests for FYs 1997 and 1998 to determine any differences between planned MRV fee expenditures and documents we obtained during interviews with Department officials who handled MRV funding. We used structured interviews to obtain information from responsible budget and program officials at the six bureaus and offices that received MRV fees. Likewise, we reviewed budget and allotment documents for FYs 1997 and 1998 to determine the amount of MRV funding allotted to recipients and how they budgeted for MRV expenditures. Through reviews of documentation and interviews with MRV fee recipients, we obtained cost breakouts and categories of MRV expenditures, identified concerns recipients had with Congressional intent, and determined whether any legislative changes or interpretations were necessary to improve or clarify MRV fee usage.

We performed our data gathering and analysis at the Bureaus of Consular Affairs, Finance and Management Policy, Administration's Office of Information Management (A/IM) and the Diplomatic Telecommunications Service - Program Office (DTS-PO), Intelligence and Research (INR), and Diplomatic Security (DS) as well as the Foreign Service Institute (M/FSI). Although the Chief Information Officer (CIO) in Information Resource Management (M/IRM)<sup>1</sup> did not receive MRV funding, we interviewed the CIO to determine whether the large amount of MRV fees expended by recipients for automated information software and hardware was coordinated through the CIO to ensure that the expenditures complied with the Department's information management and modernization goals.

We conducted our review in accordance with generally accepted government auditing standards. The Financial Management Division and the Consular Affairs and International Programs Division performed the work from August to November 1997. Major contributors to this report were John Deering and David Wise, division directors; Jesse Roth and Gayle Voshell, audit managers; Judy Sutrich and Lester Krings, senior auditors; and Stephanie Hwang and Dale Lawver, auditors.

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<sup>1</sup> On February 12, 1998, the Chief Information Office (M/CIO) and Information Management (A/IM) merged into Information Resource Management (M/IRM)

## **BACKGROUND**

Section 140 of the State Department Authorization Act, Public Law 103-236, enacted in April 1994, and still in effect, authorized the Department to charge foreigners a fee for MRVs. Congress permitted the Department to retain and use the MRV fees to cover the cost of providing consular services. Congress also legislated that MRV funding be treated as “no year” money, which means that unobligated funds may be carried over to future years until expended. Finally, the law allowed MRV funding to be spent up to the amount of MRV collections each year, not to exceed established capped amounts. For example, the expenditure caps ranged from \$107.5 million for the combined 2-year period (FYs 1994 and 1995) to \$140 million in FY 1997. However, in the FY 1998 appropriation act (Pub. Law 105-119) on November 17, 1997, Congress removed the expenditure cap on MRV collections. The amount of MRV collections by fiscal year is shown below. The increased collections each fiscal year reflect increased numbers of overseas posts collecting MRV fees. However, collections in the future could decline as economic conditions worsen in the countries collecting the MRV fees and also because of the lengthening of the period of time for which MRVs are valid.

<b>MRV Collections</b>						
<b>Fiscal Year</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998 (est.)<sup>2</sup></b>	<b>1999 (est.)</b>
<b>(in Millions)</b>	<b>\$8.7</b>	<b>\$74.5</b>	<b>\$116</b>	<b>\$137</b>	<b>\$235</b>	<b>\$293</b>

Initial MRV fee expenditures were targeted for upgrading border security processes and procedures because recent foreign terrorist acts had occurred in the United States that might have been prevented through tighter border security. These border security activities included the strengthening and upgrading of computer automation by CA, A/IM, and DTS-PO and enhancing CA’s non-immigrant application identification procedures before issuing non-immigrant visas to applicants. Since FY 1996, the MRV-generated funding has also been used by DS and INR to strengthen other border security activities such as visa fraud investigations. In addition, the Department currently uses MRV fees to: (1) modernize the Department’s computer hardware, software, and associated communications capability used for consular services, (2) pay the salaries of almost 1,000 full-time, primarily existing,<sup>3</sup> American employees, (3) fund fraud investigations by various departmental groups, and (4) fund base operations in the Passport Services Directorate. Recently, FSI received MRV funds to provide automation training because CA has developed many computer software applications for processing visas at the Department’s overseas posts.

Within CA, there is an MRV coordinator (officially called the senior advisor for border security) who receives all requests for the use of MRV fees, develops a coordinated spending plan for all MRV recipients, and requests allotment of funds from FMP for each recipient. The MRV coordinator reports to CA’s Assistant Secretary on MRV fee activities.

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<sup>2</sup> Collection increases for FYs 1998 and 1999 reflect a February 1998 MRV fee increase from \$20 to \$45 per applicant.

<sup>3</sup> According to CA, since the Border Security Program began in FY 1994, the Department has hired a few new full-time employees to fill newly created border security positions using MRV fees.

Monthly and quarterly meetings with representatives from all appropriate bureaus and offices take place to discuss the Department's plans for MRV fee expenditures and to ensure the expenditures meet the intent of Congress. For example, monthly meetings on the border security program are chaired by FMP's deputy assistant secretary for Budget and Planning (FMP/BP) to follow-up on MRV fee expenditures by each of the six MRV fee recipient organizations. Also, CA and FMP hold quarterly discussions after CA submits to FMP its proposed MRV fee allotments to the six recipients. According to the MRV coordinator, the CA and FMP quarterly reviews and discussions help to ensure that the Chief Financial Officer maintains tight control over the MRV fee process. Finally, both the CIO and the Information Resource Management (IRM) Program Board ensure that computer hardware and software systems funded by MRV fees are in line with Department IRM goals and with the CIO's Strategic Plan and Tactical Plan. The Board and the CIO also ensure that DS' security requirements are incorporated into the automation plans.

## **FINDINGS**

Overall, expenditures of MRV fees were well coordinated, received high visibility within the Department, and complied with existing law. In general, the individuals we interviewed were pleased with the program and had no proposed changes to the legislation or ideas on how the funds might be more appropriately spent. Nor did we identify any requirement for changes to the legislation concerning MRV expenditures. However, the Department is becoming increasingly reliant upon the MRV fee program to fund recurrent expenditures even though the MRV program fees are not permanently authorized by Congress for Department retention. The Department has no budget base for such recurrent expenditures, but rather provides for these expenditures from “temporary” sources which are reauthorized on an annual basis.<sup>4</sup> Should these funds not materialize for whatever reason, the Department would experience a budget shortfall to pay the salaries for almost 1,000 existing American employees previously funded from the Department’s Salaries and Expenses and Diplomatic and Consular Programs appropriations, and the accelerated modernization efforts of the consular technology base and related information technology infrastructure could be jeopardized. Therefore, we are recommending that the Department seek permanent Congressional authority to retain MRV fees. If permanent retention authority is not obtained, we then recommend that the Department re-establish a permanent funding base from which to pay the salaries of all current employees who are paid through the MRV fee program.

Although we found that the MRV fee expenditure program was well coordinated, we identified several areas where improvements could be made to ensure that the program continues to be managed effectively in the future. For example, the MRV fee program is almost completely managed by one individual selected by a former Under Secretary for Management. We believe that assurances are needed to keep the MRV coordinator position formally separate from other duties performed in CA. We also found that CA had not prepared and disseminated written guidance to bureaus and offices indicating how to apply for MRV fees and the Department’s priorities for funding its CA MRV fee related goals. In addition, CA had not developed written operating procedures for the MRV fee program to include documentation of the basis for allocating MRV fees.

### **MRV FEE EXPENDITURES COMPLY WITH AUTHORIZING LEGISLATION**

We found that MRV fee expenditures are in compliance with the provisions of Public Law 103-236, dated November 17, 1997, and were targeted toward consular activities and border security initiatives as agreed to in consultations with the Office of Management and Budget (OMB) and the Congress. The Assistant Secretary for Consular Affairs informed Congress of the use of the fees during the Department’s FYs 1997 and 1998 Congressional testimony to the Subcommittee on Commerce, Justice and State, Committee on Appropriations. In addition, the Department has periodically briefed OMB to ensure that officials are adequately informed concerning the use of MRV fees.

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<sup>4</sup> The last Congressional reauthorization, on November 17, 1997, extended the MRV program for two fiscal years through FY99.

The Conference Report on the Foreign Relations Authorization Act (H.R. 1561), for fiscal years 1996 and 1997, noted four components eligible for MRV expenditures. MRV fees should be used to recover the costs of the Department's consular activities and border security initiatives, including the costs of (1) installation and operation of the machine readable visa and automated namecheck process, (2) improving the quality and security of the United States passport, (3) passport and visa fraud investigations, and (4) technological infrastructure to support and operate the programs referred to above.

To achieve the MRV fee related consular and border security goals, the Department established four major initiatives to satisfy the law by enhancing the processing of passports and entry visas and hindering questionable individuals from entering the United States. For example, in late October 1997, the Department briefed OMB on a revised and increased FY 1998 budget for MRV-funded Border Security Program activities totaling about \$275 million (See Appendix B). The four major initiatives are information use, infrastructure improvements, electronic communications enhancements, and human resources and training, as follows:

#### Information Use

The Department has pursued a number of information initiatives within CA and in other bureaus that work with CA in an effort to improve U.S. border security. For example, CA will install the enhanced version of the machine readable visa software application (MRV-2) and other modernized consular applications at 100 posts in FY 1998 and at another 100 posts in FY 1999. CA also enhanced the Consular Lookout and Security System software application (CLASS-E) by implementing a Hispanic language algorithm and developing a Russo-Slavic algorithm. All of these steps, according to CA, will improve the accuracy of namechecks and make a major contribution to strengthening U.S. border security.

The Department has increased electronic immigrant application data sharing with the Immigration and Naturalization Service (INS), the Customs Service, and other Federal border inspection agencies. Additionally, as part of the border security program, the Department is establishing an electronic corporate data base to enter most consular records from posts rather than the traditional method of having posts retain copies of consular records. Electronic records will facilitate electronic storage and retrieval of consular information.

Other automated information needs for border security include establishing and managing the TIPOFF Terrorism System and the cost of software development and hardware acquisitions associated with the TIPOFF Crime Program. As a result, the TIPOFF Crime System should prevent visa issuance or entry into the United States of international organized crime figures. Likewise, the TIPOFF Crime System, in conjunction with the Russian Business Investigation Initiative (RBII), is a Department lead effort to identify Russian organized crime members and to deny them visas. Also in 1997, DS received MRV fee funding to support data base searches and contractual services that will help to identify RBII cases with a high potential for fraud. Finally, electronic information will be used in assessing the use of smartcards, investigating biometrics, and countering overstays and recidivist deportees.

## Infrastructure Improvements

Closely associated with its border security initiatives, the Department has identified the need to improve its technological infrastructure by using electronic information for adjudicating passport and visa applications. To accomplish this initiative, the Department's goal is to replace, by the end of 1998, obsolete computer hardware and software. In addition, computer mainframe capacity in Washington, D.C. must be increased to run the CLASS-E software application, and to service the passport agencies in the United States. As a result, domestic and international computer systems must be upgraded.

Automated systems will be based on a Local Area Network (LAN) architecture consisting of a file server(s) plus routers, hubs, and wiring that transfer data to the server from the desktop computers of consular personnel and vice-versa. In addition, all new hardware installed in consular sections around the world will be fully compliant with the ALMA (A Logical Modernization Approach) architecture. ALMA is the basis for the Department's overall effort to upgrade its information management capabilities. When completed, post users will have access to modern desktop equipment, communication with other local users, and increased circuit capacities to support the exchange of electronic information and data among posts as well as with the Department. The ALMA installation is a prerequisite for the installation of the upgraded consular software programs. Finally, the life-cycle replacement will be 4 years for desktop computers and 5 or 6 years for servers.

In conjunction with the border security program, the MRV fee program will make a significant contribution to the modernization of the Department's information management infrastructure. CA, recognizing its own needs to improve border security services, will help to finance the Department's migration to ALMA. For example, all the software development and architectural planning underway by CA to support overseas consular applications is based on ALMA-compliant hardware. Even though CA will develop and finance applications and hardware in the consular sections of overseas posts, there is an overriding need for an ALMA-compliant central infrastructure.

## Electronic Communications Enhancements

Sophisticated communications connectivity is essential to perform name checks and handle other border security information. Electronic work exchange will generate demands for increases in domestic and overseas communications bandwidth. For example, large posts such as Seoul, Mexico City, and London will require faster communications circuits.

DTS-PO is responsible for improving communications connectivity in support of the border security program. MRV fees finance such improvements. Consistent with DTS-PO's plans to implement a fee for service billing system, CA is responsible for financing all communications costs associated with the Border Security Program.

## Human Resources and Training

The MRV fee expenditure program funds the cost of most consular personnel, fraud investigators, and their training. According to MRV fee expenditure plans, the MRV program will finance salary and benefit costs for virtually all existing American personnel providing overseas consular services.

The MRV fee program also funds the cost of existing anti-fraud personnel, border crossing card adjudicators, and continuous career training to border security personnel. In addition to training, effective delivery of consular services requires that information management personnel assigned abroad understand the consular hardware and software systems. Consequently, overseas information managers will receive training in LAN maintenance and management. The border security program will help finance such training because of its importance to the delivery of consular services. In addition, the training will benefit the Department as a whole because it will involve technologies like Windows NT used by Department personnel. Such skills will also be useful in managing other non-consular applications at post.

### **MRV LEGISLATION IS SUFFICIENTLY FLEXIBLE TO MEET DEPARTMENT NEEDS BUT PERMANENT AUTHORIZATION TO RETAIN MRV FEES SHOULD BE SOUGHT**

We concluded that the current MRV legislative prohibits the use of fees for non-consular related programs and activities and yet is flexible enough to satisfy the Department's goals for consular and border security initiatives. For example, bureaus and offices were able to pursue activities such as upgrading computer software, hardware, and systems training related to consular activities that probably could not be accomplished without the use of MRV fees. At the same time, funding these activities adheres to Congressional legislation. Department officials believed that some of the programs funded from MRV collections would not have been accomplished without these funds because of recently reduced appropriated funds. They emphasized that the Department's consular and border security activities would experience critical budget problems without MRV collections. We are not making any recommendations for legislative changes to the nature of allowable expenditures under the MRV fee program.

The OIG is concerned, however, that the Department is becoming increasingly reliant on MRV collections to pay for recurrent expenditures. For example, the Department is paying the salaries of many existing employees who work in consular and border security related activities. Therefore, we are recommending that the Department seek permanent Congressional authority to retain MRV fees. If permanent retention authority is not obtained, we then recommend that the Department re-establish a permanent funding base from which to pay the salaries of all current employees who are paid through the MRV fee program. FMP (in conjunction with CA) has identified both domestic and overseas positions, in accordance with OMB direction, since receiving OMB approval in 1996 to use MRV collections in this manner. Since receiving this authorization, FMP/BP has also identified additional existing positions in A/IM's mainframe operations and DS field agents involved in passport and visa fraud investigations. Initially, 333 existing American positions were funded by MRV fees. For FY 1998, 930 existing American positions within the



Department have been identified as contributing to the success of the Border Security Initiative Plan. The following table shows the location of those positions:

<b>POSITIONS FUNDED BY MRV FEES IN FISCAL YEAR 1998</b>	
Bureau	Number of Positions <sup>5</sup>
African Affairs	31
Inter-American Affairs	216
East Asian and Pacific Affairs	115
European and Canadian Affairs	204
Near Eastern Affairs	40
South Asian Affairs	30
Consular Affairs	82
Consular Affairs--Information Management	53
Administration--Office of Information Management <sup>6</sup>	37
Diplomatic Security	122
<b>Totals</b>	<b>930</b>

OIG is concerned that the Department could face severe financial hardship if the authority to use MRV collections was withdrawn. According to the Department's FY 1998 *The Budget In Brief*, the American Salaries and Benefits account will be reimbursed by approximately \$93 million for the 930 identified positions.

In addition, the Department is relying almost entirely on MRV fees to fund the accelerated modernization efforts of the Department's consular technology base, as shown in the report section on infrastructure improvements. According to CA and former A/IM<sup>7</sup> officials, MRV funding has been instrumental in the extent of progress made in upgrading the Department's information technology infrastructure. According to an A/IM official, if the MRV fee program were eliminated, A/IM would have to use its direct appropriation funding to continue with its modernization efforts and the installation of the consular namecheck program. Finally, within A/IM, there is competition for funds and many projects not associated with the Border Security Initiative would be cut or discontinued. Also, the Department's efforts to correct the Year 2000 systems' problems could be hampered. Likewise, in its comment on the draft report, IRM said elimination of MRV funds will necessitate a corresponding increase to IRM's direct appropriation in order to continue with its modernization efforts and the installation of the consular namecheck program.

We believe that the Department has created permanent, recurring expenditures which it has no budget base but rather provides for these expenditures from "temporary" sources which are reauthorized on an annual basis. Should these funds not materialize for whatever reason, the

<sup>5</sup> According to a Department official, 70 additional Border Crossing Card initiative positions have recently been identified increasing the number of positions supported by MRV fees to 1,000.

<sup>6</sup> See footnote number 1. The former Office of Information Management merged with the Chief Information Office to become Information Resource Management.

<sup>7</sup> See footnotes 1 and 6.

Department would experience a budget shortfall to pay the salaries for almost 1,000 previously existing American employees, and the accelerated modernization efforts of the consular technology base and related information technology infrastructure could be jeopardized. Therefore, we believe that CA should seek permanent authorization from Congress to retain MRV collections. With permanent Congressional authorization, the Department would continue receiving the full benefit of this program.

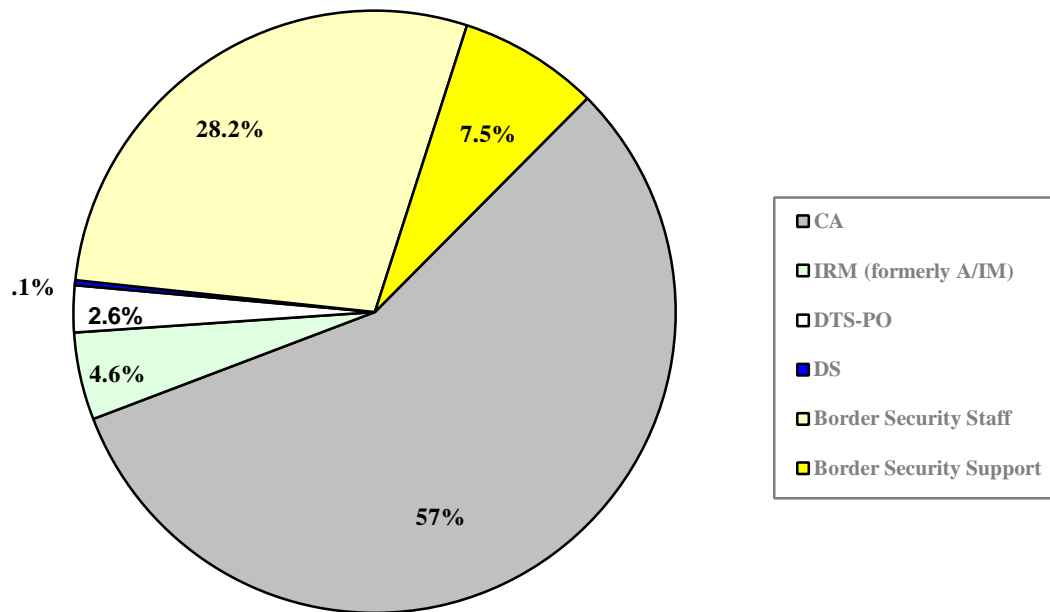
**Recommendation 1:** We recommend that the Bureau of Consular Affairs seek permanent legislative authority from the Congress to retain MRV collections. If permanent retention authority is not granted, we recommend that the Department re-establish a permanent funding base from which to pay the salaries of all employees currently paid through the MRV fee program.

CA and DS support this recommendation. CA pointed out, however, the Bureaus coordinate congressional issues through the Under Secretary for Management, FMP, and the Bureau of Legislative Affairs to promote legislation. FMP has requested the permanent retention of fees on different occasions. The request is currently part of the FY 1999 President's appropriations request for the Department of State. CA, along with the Under Secretary for Management, FMP, and the Bureau of Legislative Affairs, recognizes that the absence of permanent fee retention authority represents a potential vulnerability affecting passport and visa personnel as well as the ancillary functions of DS visa and passport fraud investigators. That is the reason permanent MRV fee retention authority continues to be on the top of the Department's legislative agenda. Obviously, if the Department were to lose fee retention authority, the fee funding would have to be replaced by directly appropriated funds or the Department would face a massive disruption of its consular services and border security activities. Based on CA's response, although we encourage the Department to continue to pursue permanent authority to retain MRV fees and keep MRV fees as a high priority, we are closing this recommendation.

## **ALLOCATION OF MRV FEES**

MRV fees are allocated to six bureaus and offices by the MRV coordinator who is located in CA. The following chart shows the distribution among bureaus and offices of projected MRV fee expenditures for FY 1998. Actual dollar amounts projected for FY 1998 are contained in Appendix B. The projected expenditures include MRV collections during FY 1998 and unspent carryovers from previous years.

## FY 98 Budgeted MRV Expenditures<sup>8</sup>



The MRV coordinator was selected in December, 1994, and began his assignment in January, 1995. The program was initially viewed as temporary because its future depended on annual Congressional extensions of the program. Because he is the only individual involved in the program from a senior management perspective, the coordinator exercised a great amount of authority to establish MRV fee expenditure priorities and to develop a coordinated spending plan for all recipients. The coordinator subjectively develops the plan based on meetings with recipients, IRM board meetings, legislation, and CA and A/IM priorities such as consular software applications, and A/IM's ALMA installation schedule. The MRV program is fully integrated with the Department's budget and financial planning processes. Therefore, the MRV coordinator prepares written budget requests and financial plans and submits them to FMP on a quarterly basis. These items are reviewed and adjudicated by FMP as part of the overall budget process.

The MRV coordinator has operated the program without preparing or retaining permanent documentation on how annual spending plan decisions were made to the six recipients. In addition, the coordinator has not prepared and disseminated MRV program guidelines on how recipients should apply for and justify their proposed MRV fee expenditures. According to CA, the

<sup>8</sup> The Border Security Staff and Border Security Support categories include about \$1 million budgeted to FSI for consular and systems training and about \$800,000 to INR for TIPOFF Crime Initiatives. These two categories include the staff and operating costs of the Border Security program funded by MRV fees to prevent passport and visa fraud domestically and overseas; personnel and operating costs for developing and maintaining consular computer systems applications related to the Border Security Program; printing of all passport books; and investigations by DS personnel of possible passport and visa fraud.

Department has largely managed the MRV fee program using the institutional knowledge of the lone MRV coordinator. However, in our review of the MRV expenditure process, we believe the coordinator has performed this duty well, consistent with legislative intent.

### **Centralized Management**

According to CA, the Department has not designated the MRV coordinator's position as a separate and permanent position. The MRV coordinator is responsible for the overall day-to-day oversight of the MRV program. Specifically, his responsibilities include negotiating and approving MRV fee expenditures to MRV fee recipients, providing strategic direction, and identifying resource requirements for the MRV program. As part of the negotiation and approval process, the MRV coordinator applies his institutional knowledge and determines whether proposed expenditures meet Congressional intent and priorities established by the Department. Since the MRV program is now viewed as a permanent program by CA and OMB, the MRV coordinator's position should be formally designated as a separate duty to ensure continuity and high visibility in the Department.

We believe the MRV coordinator's position should remain separate from other duties within CA due to the dollar and program magnitude, and nature of the program. The significance of projected MRV collections has expanded from about \$9 million in FY 1994 to an estimated \$293 million in FY 1999 to fund information technology infrastructure improvements and the salaries of about 1,700 American employees. Although the MRV coordinator has a position description, CA anticipates folding this position into its Executive Office in the near future because the program has become more routine and because the budget officer is located in the Executive Office. As a result, the position could lose some of its stature, and at the same time, the person filling the position may not be fully devoted to the MRV fee program.

Recommendation 2: We recommend that the Bureau of Consular Affairs, in conjunction with M/DGP, formally designate the MRV coordinator's position as separate from other duties in the CA bureau.

CA concurs with this recommendation, and has already undertaken to establish a new and permanent civil service position in the CA Budget Office. The draft position description is presently undergoing internal review and classification. As soon as concurrence is obtained from M/DGP, CA will advertise the position and select a candidate. Based on CA's response, this recommendation is considered resolved.

### **Lack of MRV Program Guidance**

Some confusion exists in the Department as to which services and goods are eligible for MRV funding. This confusion exists, to some extent, because CA has not developed and disseminated comprehensive written guidance to assist potential recipients in requesting MRV funds, and to explain how CA prioritizes and approves requests for MRV fees. MRV fee recipients either formally or verbally request MRV fees for a variety of proposed expenditures, which may or may not be applicable for funding under the MRV fee program. However, all MRV funding

requests are vetted by CA and the applicable requests are submitted in writing to FMP to be reviewed and approved as part of the Department's formal budget and financial planning process.

Headquarters' offices and bureaus may request MRV fees to pay for contractual services, shipping, printing, supplies, or a host of other items and equipment as long as they are related to consular and border security activities. The MRV coordinator said some written or verbal requests for MRV funds do not qualify for program funding such as some bureaus' requests to fund the salaries of additional American positions overseas. However, bureaus and offices have no official information on which to base their requests because CA has not prepared guidance for them.

Recommendation 3: We recommend that the Bureau of Consular Affairs prepare and disseminate written guidance to bureaus and offices indicating how to apply for MRV fees and the Department's priorities for funding its goals.

CA agrees with the necessity to prepare written guidance on applying for MRV fees and prioritizing their usage. The scope of work of the designated position will include this requirement as one of that individual's priority projects. Therefore it is anticipated that guidance will be issued soon after that individual's entry on duty. Based on CA's response, this recommendation is considered resolved.

### **Lack of Decision Documentation**

MRV fee expenditure negotiation proceedings between the MRV coordinator and the MRV fee recipients were not documented. Such documentation is currently not required, but documentation should be prepared and retained as a historical record of decision proceedings and as an aid to future MRV coordinators. Because the MRV fee program was originally viewed as temporary, subject to annual Congressional extensions, an informal approval process was put in place. The MRV coordinator described the MRV negotiation proceedings as a cooperative process between the MRV coordinator and the other bureau and office managers. MRV fee recipients submitted an annual financial plan to request MRV funds from CA. In turn, the MRV coordinator and bureau and office managers would meet to determine the level of funding the respective bureaus and offices would receive for the following year based on projected MRV collections and the projected cost of established goals. The participants also informally determined whether the proposed expenditures would address consular and border security priorities. As a result of this informal process, written budget and financial plans are developed and submitted to FMP to be adjudicated as part of the Department's overall budget and financial planning process. However, the informal process (including the negotiation and approval proceedings) which result in the written budget and financial plan, was not documented. Projected MRV collections have expanded from about \$9 million in FY 1994 to an estimated \$293 million in FY 1999. Because of this and their importance in funding infrastructure improvements and the salaries of about 1,000 previously existing American employees, all pertinent aspects of the MRV fee allocation process, including requested amounts, how decisions were made, and other significant events and proceedings of the program, should be documented.

Recommendation 4: We recommend that the Bureau of Consular Affairs develop written operating procedures for the MRV program to include documentation of the basis for allocating MRV fees.

CA agrees with this recommendation. Again this is one of the responsibilities of the new MRV fee position, which will appear in the incumbent's work requirements. Based on CA's response, this recommendation is considered resolved.

**CONSOLIDATED LIST OF RECOMMENDATIONS**

**Recommendation 1:** We recommend that the Bureau of Consular Affairs seek permanent legislative authority from the Congress to retain MRV collections. If permanent retention authority is not granted, we recommend that the Department re-establish a permanent funding base from which to pay the salaries of all employees currently paid through the MRV fee program.

**Recommendation 2:** We recommend that the Bureau of Consular Affairs, in conjunction with M/DGP, formally designate the MRV coordinator's position as separate from other duties in the CA bureau.

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**Detailed Listing of FY 98 Budgeted MRV Expenditures**  
**By Bureau and Cost Category (in thousands)**

<b>Bureau/Office</b>	<b>Expenditures</b>	<b>Cost</b>	<b>Total</b>
<b>CA</b>	Consular Systems Installation and Training	52,500	
	Modernization/System Support	19,000	
	CLASS Name checks	9,000	
	Border Crossing Card Project	20,000	
	Other Continuing Activities	3,050	
	ALMA Infrastructure Support	7,500	
	Border Security Initiatives:		
	O/S Consular F&F	3,000	
	Consular Fellows	1,100	
	Photodigitization	17,960	
	Passport Modernization and Workload	12,300	
	15 PPT Assistant FPMs	400	
	MRV Support Costs	10,000	
	<b>Subtotal</b>		<b>\$155,810</b>
<b>A/IM</b>	Technology Refreshment	8,000	
	Other Initiatives:		
	Recurring cost	1,885	
	Mirrored Database	380	
	Peak Load Sharing	2,192	
	Telecommunications Enhancements	310	
	<b>Subtotal</b>		<b>\$12,767</b>
<b>DTS-PO</b>	Leased Lines	2,500	
	64 Kbps Upgrades	2,000	
	Contract Installation and Support	1,800	
	Circuit Upgrade Hardware	903	
	<b>Subtotal</b>		<b>\$7,203</b>
<b>DS</b>	RBII Investigation Support	250	
	Enhanced Criminal Investigation Support	600	
	<b>Subtotal</b>		<b>\$850</b>
<b>Border Security Staff</b>	Border Security Staff:		
	Domestic CA Positions	6,240	
	Converted Seasonal Positions	2,320	
	Information Management	2,353	
	Diplomatic Security	9,028	
	Overseas Staff	57,693	
	<b>Subtotal</b>		<b>\$77,634</b>
<b>Border Security Support</b>	Passport Workload/Operations:		
	PFM Seasonals	492	
	Passport Books	14,600	
	PPT Domestic Operations	1,000	
	Information Management	3,778	
	Diplomatic Security	822	
	<b>Subtotal</b>		<b>\$20,692</b>
<b>Total</b>			<b>\$274,956</b>



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